



HONECK ·  
O'TOOLE

...where people count

# renews

Ideas to help small businesses and individuals maximize income while minimizing taxes.

4th Quarter 2018

## MAINE TAX LAW CHANGES TAKING EFFECT IN 2018

Since Maine now conforms to most federal tax law changes enacted on or before March 23, 2018 — it's important to know how your income taxes will change **starting this year.**

These changes are the result of three tax laws: the Tax Cuts and Jobs Act (2017); Bipartisan Budget Act of 2018 (February 9, 2018); and the Consolidated Appropriations Act, 2018 (March 23, 2018).

Let's look at how they affect personal/individual changes for tax years on or after January 1, 2018.

### Standard deductions amount

Maine's standard deduction amount now matches the federal amount: \$12,000 single, \$18,000 head-of-household and \$24,000 married joint including the additional standard deduction for age or blindness. The Maine standard deduction amount is subject to phase-out for certain high-income taxpayers (see below).

### Itemized deduction amount

Maine's itemized deductions may be increased by the amount of real and personal property taxes not claimed for federal income tax purposes because of the \$10,000 limitations (\$5,000 for married taxpayers filing separate returns).

### Standard/Itemized deduction phase-out

The amount at which the standard deduction and itemized deduction begin to phase out is increased to:

- \$80,000 for single individuals and married persons filing separate returns;
- \$120,000 for individual filing as head-of-households; and
- \$160,000 for individuals filing married joint returns or as a surviving spouse.

The deduction amount is fully phased out for taxpayers whose Maine adjusted gross income is more than...

- \$155,000 single individuals and married persons filing separate returns;
- \$232,500 for individual filing as head-of-households; and

*continued on page 2*



As the holiday season approaches, the team here at Honeck O'Toole wishes to thank you for your business and your kind referrals... and we look forward to serving you in 2019 and beyond. If you know of anyone who may need assistance with their taxes and other financial matters, let them know we can help.

May you and yours have a very happy Thanksgiving, a joyous Holiday Season and a very happy New Year filled with exciting plans and prosperity! *Your Honeck O'Toole Team*

## Call Now for a Year-End Projection and Last-Minute Advice

This ReVeNEWS issue covers changes for tax year 2018, and we want you to be fully prepared. It's a great time to consider how the changes may affect you, especially if you've had changes in your business or personal life this year.

Contact us as quickly as possible if you'd like our help in looking at your 2018 tax-year picture.

**207-774-0882 or [info@honeckotoole.com](mailto:info@honeckotoole.com)**

## ANNUAL TAX ORGANIZER: Paper or Online?

In early January, you can expect to receive our annual **Tax Organizer**. If you prefer to use our digital "fill-in-the-blanks" form ("E-Organizer"), available on Windows operating systems (sorry Mac users!), just call or email us after January 1, 2019:

**207-774-0882 or [info@honeckotoole.com](mailto:info@honeckotoole.com).**

- \$310,000 for individuals filing married joint returns or as a surviving spouse.

For tax years beginning after 2018, the \$80,000, \$120,000, and \$160,000 amounts will be adjusted for inflation.

### Personal exemption: Maine still has this, Federal does not

- The Maine deduction on a single, head-of-household, or married-separate return is \$4,150 unless the taxpayer may be claimed as a dependent on another return (in that case, the personal exemption deduction is zero).
- The deduction on a married-joint or surviving spouse return is \$8,300 unless one or both spouses may be claimed as dependents on another return.
- No exemption deduction is allowed for your dependents any longer (see below).

The personal exemption deduction amount is subject to phase-out for taxpayers whose Maine adjusted gross income is more than:

- \$266,700 for single individuals;
- \$293,350 for individuals filing as heads-of-households;
- \$320,000 for individuals filing married joint returns or as a surviving spouse;
- and one-half of the amount applicable to married joint filers for married individuals filing separate returns.

For tax years beginning after 2018, the personal exemption deduction and phase-out threshold amounts will be adjusted for inflation.

### Dependent exemption tax credit

Eligible taxpayers may claim a tax credit equal to \$300 for each qualifying child and dependent of the taxpayer for whom the federal child tax credit was claimed in the same taxable year. This is entirely new for 2018 — Maine has never had this type of credit before. This replaces the deduction for a dependent's exemption.

### Maine Education Savings Program subtraction modification

The income subtraction modification for qualified distributions from a Maine College Savings Program includes qualified disbursements for enrollment or attendance expenses at an elementary or secondary public, private, or religious school to the extent the qualified distribution is included in federal adjusted gross income.

### AccessAble Home Tax Credit

The Maine State Housing Authority has repealed and replaced the rule concerning the home modification tax credit. Effective September 1, 2018, the rule name is the AccessAble Home Tax Credit Rule. It provides

individual taxpayers, whose income does not exceed \$55,000, an income tax credit for up to \$9,000 for expenses incurred for modifications to make a home accessible to an individual with a disability.

### Estate Tax

For estates of decedents dying on or after January 1, 2018, the Maine exclusion amount is \$5,600,000. This is not the same as the federal exclusion of \$11.18 million. For tax years beginning after 2018, the Maine exclusion amount will be adjusted for inflation.

Now, here's one major change for corporations:

### Tax rate schedules for tax years beginning on or after January 1, 2018

The taxable income brackets in the corporate income tax rate schedules are expanded to be an amount not over:

- \$350,000 (3.5% bracket),
- \$1,050,000 (7.9% bracket),
- \$3,500,000 (8.33% bracket) and
- to an amount over \$3,500,000 (8.93% bracket)

The upper tax income bracket amounts for tax years beginning prior to 2018 were

- \$25,000 (3.5% bracket),
- \$75,000 (7.93% bracket),
- \$250,000 (8.33% bracket), and
- the amount over \$250,000 (8.93% bracket)

### Wondering how these changes affect you this year?

Please contact us immediately: **207-774-0882**  
or [info@honeckotoole.com](mailto:info@honeckotoole.com) 📧



### IMPORTANT EMPLOYER NOTE:

#### Change Your Maine UI Tax Account

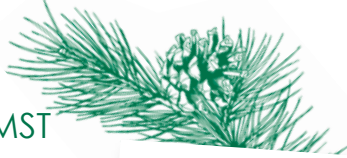
Maine's new unemployment insurance tax system — called ReEmployME — is launching before the end of 2018. This means if you're an employer, you need to create a secure portal account so you can perform account maintenance, file quarterly reports electronically, and make contribution payments.

To set up your account, visit [Maine.Gov/reemployme](http://Maine.Gov/reemployme) and then click on "Create ReEmployME Account." You'll need your Federal and State Employer Identification Numbers. 📧

## WELCOME TWO NEW HONECK O'TOOLE TEAM MEMBERS

### Sue Sears, CPA, MST

We're very excited to have Sue on our team! She's exactly who we've been looking for, and we're so glad she wanted to live in Portland. Sue grew up in California but moved to the east coast in 2004, and recently relocated to Maine from Rhode Island.



Sue Sears

Sue earned her bachelor's degree in Business Administration with a concentration in Accounting from California State University, Fresno, and her Master of Science in Taxation from Golden Gate University. She has over 25 years of tax and consulting experience, providing income tax planning, and federal and state tax compliance services for individuals and various types of corporate and pass-through business entities. 🌲

### Michelle (Shelly) Topham

We're also very pleased to welcome a new Administrative Assistant to our team, Shelly Topham. Shelly works with Kathy DeFilipp, our Front Office Manager — and she'll likely be the friendly voice you hear when you call our office. Shelly has a background in customer service/administrative positions, with experience at the Marsh Agency (personal lines of insurance), Cross Agency, Seabreeze Property Services, and Pineland. Shelly told us, "As for working at Honeck O'Toole, I'm excited to learn and help our clients the best I can." We love this attitude, and you will too. 🌲



Michelle (Shelly) Topham



## WHAT TO DO IF YOU'RE NAMED A TRUSTEE

Imagine you've been asked to manage a trust on behalf of a family member or close friend. Would you know what to do as trustee?

A few of our clients have been named trustees and weren't exactly sure what to do.

If this happens to you, you'll want to work with the attorney representing the person, or estate, naming you as a trustee. As each trust is a little different, be sure to have a clear understanding of what the trust wants you to do. Also, since a trust is often a financial arrangement, you may need us too.

### Here's an idea of what's involved.

- You'll need to administer the trust according to its terms. Again, it's key to understand what the trust says and how the person who made the trust wanted the trust managed, or distributions to be made.
- As a trustee, you're legally obligated to manage property, or financial account(s), make appropriate investments, pay expenses, and distribute property or funds to specified beneficiaries.
- You'll want to confirm the trust assets or accounts designated for you to manage, making sure they're safe and under your control, properly titled, and that all records are in order.
- You'll be responsible for tracking and reporting on the trust's activity, such as preparing statements for beneficiaries, trust accountings, and submitting tax returns as needed.
- You may have to make decisions regarding when (and if) trust payments are made to the beneficiary(ies)... and communicate regularly with the beneficiary(ies) as needed.

If this sounds intimidating, it doesn't have to be. We can help you take on the responsibility of managing a trust and tax planning opportunities. 🌲

**Questions? Contact us at 207-774-0882 or [info@honeckotoole.com](mailto:info@honeckotoole.com).**

**DISCLAIMER:** Any accounting, business, or tax advice contained in this communication are not intended as a thorough, in-depth analysis of specific issues, nor a substitute for a formal opinion, nor is it sufficient to avoid tax-related penalties. If desired, Honeck O'Toole would be pleased to perform the requisite research and provide you with a detailed written analysis. Such an engagement may be the subject of a separate engagement letter that would define the scope and limits of the desired consultation services.



## CLIENT PROFILES

### SHAYS GRILL PUB/DUNSTAN TAP & TABLE

Back in 2014, we profiled Shays Grill Pub at 18 Monument Square in Portland, and it's been doing quite well. So well, in fact, the owners decided to open a second restaurant in Scarborough this year. Co-owner Jennifer Brennerman reported, "We opened Dunstan Tap & Table on Route One back in July. It's a completely different entity than Shays, with a different chef, in a family-friendly modern reinvention of the classic burger joint." See their menu here: [www.dunstantapandtable.com](http://www.dunstantapandtable.com).



### LUCY AND IAN DUTCH

#### Dutch's Breakfast & Lunch

Is there a place in Portland to enjoy "an honest breakfast or lunch at a decent price?" Lucy and Ian Dutch say YES, INDEED! It's Dutch's Breakfast & Lunch, their restaurant located at 28 Preble Street. They opened Dutch's in 2014 offering an affordable, world-class "from scratch" menu based on the couple's extensive cooking experience in Boston, San Francisco, and Nantucket. Browsing through their menus online, you'll find traditional breakfast and lunch classics (eggs, sandwiches, salads, sides, and sweets) alongside interesting options such as burritos and way-beyond-basic avocado toast. Dee-licious! They also offer catering in the Greater Portland area.



Lucy told us, "Running our own business has been harder than we expected, but we still love cooking and have really enjoyed getting to know the people in Portland." Like their Facebook page for daily photos of tempting treats: [www.facebook.com/Dutchsportland](https://www.facebook.com/Dutchsportland). For hours, menus, and more, visit [www.dutchsportland.com](http://www.dutchsportland.com).

## STRESSED?

### IT'S TIME FOR MINDFULNESS

Life changes, holidays, buying a house, putting kids through college, whatever's going on in your life, we imagine there might be a little stress in your day. We feel it here, too. Especially as we gear up for another wild tax season, thanks to all the tax-law changes this year!

#### So, what can you do with all that stress?

In one word: mindfulness. Consider exploring mindfulness, which is — according to Mindful.com — "the ability to be fully present, aware of where we are and what we're doing, and not overly reactive or overwhelmed by what's going on around us." When you're quietly taking a break to focus on your family, your pet, or the beautiful scenery outdoors... it really can help reduce stress. You may even try mindful meditation and find that it reduces stress by quite a bit. For more ideas, google the *Forbes* article, "10-Minute Mindfulness Meditation To Reduce Stress."



### WE HOPE YOU HAVE A HAPPY, STRESS-FREE HOLIDAY SEASON.



**Watch for Your Purple Pre-Bill:** In early November we'll be sending your 2018 Honeck O'Toole tax preparation pre-bill (the "purple pre-bill"). You can choose to pay part of next spring's tax return preparation fee before 12/31/18 and take the deduction in this tax year (if you qualify). Please note that this payment is OPTIONAL, not required.

**Call for Assistance Anytime!** We welcome your questions about taxes, financial planning, college planning, making the most of QuickBooks, or anything else related to your money.



[www.honeckotoole.com](http://www.honeckotoole.com)

511 Congress Street, Suite 900, Portland, Maine 04101  
Mall: PO Box 7980 DTS, Portland, ME 04112  
Email: [info@honeckotoole.com](mailto:info@honeckotoole.com)  
Phone: 207-774-0882 Fax: 207-773-2047

